

STABILITY, GROWTH AND MARKETING HERESY

By Brian Carlsen –

“Every war is fought with the misguided tactics of the last one and no amount of reality will divert the leadership from their devotion to folly.”

Lt. Colonel Charles E. Carlsen – 101st Airborne Division - Veteran - WW II - Korea

There is a myth that is so pervasive and ingrained in all of us that when I expose it, you will recoil in horror and think me mad.

“In the eighty years or so after 1780 the population of Britain nearly tripled... the average income of the population more than doubled... So strange were these events that before they happened they were not anticipated, and while they were happening they were not comprehended.” Donald McCloskey, “The Industrial Revolution 1780-1860: A Survey”, 1981

The dawn of the Industrial Age was bolstered by many factors. Population growth and greater efficiencies in production combined with an accelerating pace of innovation. As the modern age was being born at this stage, mythologies and grandiose assumptions took hold with regard to business and economics. These ‘gospels’ are still preached today.

We are now in a new time and these factors no longer apply to this age or to the degree that they once did. We are still clinging to outdated assumptions born at the dawn of the Industrial Age, to our detriment.

Here is the myth that I alluded to; growth—or that magic five or ten percent expansion factor that you dream of each year—is unrealistic at best, and self-destructive if clung to. Economies and markets may not continually expand to meet your expectations. New technologies may only translate into faster or cheaper versions of what already exists. Your systems for processing new business may breakdown when even slightly stressed.

Continual market growth is not an inevitability. Consider how many companies now get by with older model computers and cabling infrastructures that are 20 years old. Software now compensates for such antiquated hardware setups through new server technologies, etc. Technologies may not evolve to meet your expectations or desires – flying cars? Consider how every auto company on the planet is still building on Henry Ford’s basic design for the car—the internal combustion engine he dreamt up and prototyped in 1891. Seriously, consider that. There has been no real innovation that that has truly created a new market in all of that time.

Even Moore’s Law is breaking down now. For the uninitiated, Moore’s Law is the postulate that, over time, the number of transistors in an integrated circuit doubles approximately every two years. The law is named after Gordon E. Moore, co-founder of Intel Corporation who is credited with its ethos. It just is not so anymore. We have reached computing limits that we are struggling with now. That is why you have seen the hot catch phrases such as “dual core,” and now “quad-core” come up. We are reaching real limits in what current technologies can do

Brian Carlsen is available for speaking engagements, seminars and consulting services.
Inquires may be directed to brcarlsen@gmail.com

and, now, computing innovation relies upon stacking up maxed-out processing chips. To my tech friends, let us not debate this too much. Innovations are coming, I get that, but not the way we once anticipated such.

When a biological population has to compete for scarce resources, its growth slows, stops, or reverses. Indeed, the sustained exponential growth of almost anything is impossible. Sustained growth of a population, for example, is a population *explosion*, and sustained exponential growth of cells in the body is cancer. These ecosystem notions apply to your business also.

Consider the premises of Dr. Albert Allen Bartlett, Emeritus Professor of Physics at the University of Colorado at Boulder (deceased). Dr. Bartlett postulated that the notion of ‘sustainable growth’ is a contradiction. Dr. Bartlett’s view was focused on population factors, but his theories may also be applied to business growth. His application of exponential factoring math in population or fixed business environments proves to be a valid argument for the reality of the true limits of growth.

Dr. Bartlett showed, based upon a simple calculus that a modest percentage of growth can equate to huge escalations over relatively short periods of time. Consider that steady growth factor that we so often subscribe to such as 5% per year. The doubling time for such growth under an annual projection hits the doubling point in about *14 years*.

Dr. Bartlett argued that, over time, compound growth can yield enormous increases. For example, an investor earning a constant annual 7% return on her investment would find her capital doubling within 10 years. But the same exponential power, so advantageous to patient investors, may be potentially calamitous when applied to businesses or populations. A population of 10,000 individuals, if it were to grow at a constant rate of 7% per annum, would reach a population size of 10 Million after 100 years.

A fine state of affairs, you might argue. However, the bow-breaking rock beneath the water’s surface here is the difference in launching bottle rockets versus putting a Saturn-5 rocket in orbit. Both endeavors are similar, in theory, but the resource differential in managing both approaches infinity factors. “More money, more problems” as they say.

If you do not have the modern equivalent of the Cotton Gin ready to be produced and shared with the world, you may adopt tactics that will drive your growth or at least, your market stability. Do you hate me yet?

Stability vs. growth. We are born to embrace growth as the only option and to eschew stability as some form of failure. This is why I have created what I call ‘Marketing Initiative’ processes that will allow for growth and even that dirty word, stability. Yet, be careful how you process this. As I have alluded to earlier, rapid growth can be your business’s cancer. Sure, cell growth looks impressive, but consider how exponential growth will break down your services once overloaded. Bottle Rockets = Easy...Saturn 5 Rockets = Hard.

What has kept our economy moving to the extent that is has been our desperate clawing for increases in technological and working efficiencies. Workers now earn less, work harder and are often sacrificed to preserve the short-term interests of those in charge. “Short of drinking the blood of the working class now, it is hard to see where else we can turn.” – Dracula.

I assert here that all is not lost. There is a path forward that can give you the power to phase in greater efficiencies. As Spider-Man says, with great power comes great responsibility. As recent history illustrates, times are changing faster than ever. For now, efficiencies offer us the means to meet the circumstances of the current age. Yet still, we must embrace the notion of stability over an expanding business ethos. Work to preserve what business you have. Consider the lives and welfare of those you employ over your immediate desires and take into account the greater good that you may serve in your situation. History, the internet or both will judge those that move forward in these times with human dignity their objective and those who do not do so.

Yet, as the ages of history are transitioning faster than ever, look forward to the unexpected. We are a precocious and indomitable species. We will always find a way to expand and reach new heights. Hope springs eternal.

Beware of becoming Captain Ahab

We all know the story of Moby Dick, but few know that it was intended as a critique of bad management and bad stewardship. Consider that the members of the crew represented every race of humanity. The ship known as the Pequod is described as being an old vessel, beaten by its many voyages. Its repairs largely affected by incorporating the very bones and teeth of its whale prey into itself. The metaphor here is of humanity, cast into a business of doing harm to the market or world while in clear rejection of reality. The bones, now built into the structure of the vessel speaks to those destroyed by the endeavor, both human and animal.

Coming to Captain Ahab, we have the picture of a determined leader, focused on a great goal. The problem here is that Ahab is so lost to his cause that he cannot be diverted by reason or reality. He is driving all to destruction.

Excerpt from Moby Dick:

Ahab seized a loaded musket from the rack and pointing it towards Starbuck, exclaimed: "There is one God that is Lord over the earth, and one Captain that is lord over the Pequod. - On deck!"

For an instant in the flashing eyes of the mate, and his fiery cheeks, you would have almost thought that he had really received the blaze of the levelled tube. But, mastering his emotion, he half calmly rose, and as he quitted the cabin, paused for an instant and said: "Thou hast outraged, not insulted me, Sir; but for that I ask thee not to beware of Starbuck; thou wouldst but laugh; but let Ahab beware of Ahab; beware of thyself, old man."

"He waxes brave, but nevertheless obeys; most careful bravery that!" murmured Ahab, as Starbuck disappeared. "What's that he said - Ahab beware of Ahab - there's something there!"

As we know, Ahab finally assaults his prey, Moby Dick, or as we may think of it, reality. Tied by the tangles of his own ropes affixed to harpoons, Ahab repeatedly stabs the whale in an impotent manner; assaulting nature, reality and sanity.

Ahab's attack on reality yields him nothing but failure and death. As a leader of the expedition, he takes all with him, with only one exception, Ishmael.

Before the Moby Dick adventure even begins, Herman Melville presents the necessity of truth via a sermon by one of his characters, Pastor Mapple,

“But delight is to him who against the proud gods and commodores of this earth stands forth his own inexorable self, who destroys all sin, though he pluck it out from the robes of senators and judges!”

(Melville, Herman. Moby Dick. 1964. Print.)

In other words, with respect to finding what truth you can in this changing world, be sure not to lay much worth in the words of the power elite. Follow truth and therefore viable business practice via any source that you may find and deem worthy. Those holding power will speak only to what maintains their status.

Yes, there is certainly something of business science that may be mined from the classics. Survivors and those that gain true prosperity in this present age will be those who can see past their egos and erroneous assumptions.

If I may reach out to your inner Geek, consider another Captain from literature. In the movie, Star Trek II, The Wrath of Khan (Paramount Pictures, 1982). Pounded and outmaneuvered by a genetically enhanced man from the 20th Century, Captain Kirk and the Enterprise are fighting while in a sensor-obscuring nebula with another starship captained by Kahn, a gene-spliced superhuman.

KIRK: He won't break off now. He followed me this far, he'll be back. But from where?

SPOCK: He's intelligent, but not experienced. His pattern indicates ...two-dimensional thinking.

KIRK: Full stop.

SULU: Full stop, sir.

KIRK: Zee minus ten thousand metes. Stand by photon torpedoes.

(Enterprise again passes above Reliant and circles to come up behind her)

Of course, Captain Kirk gains the advantage and blasts Kahn from behind. The lesson here is that applying insight, experience and being open to the rational input of those close to you can trump superior adversaries. In a flat two dimensional market, you must adopt three dimensional thinking.

I believe that a stable growth can still be achieved. Alluding to what my father said at the start of this article: it is folly to fight the war for market share with outdated tactics and assumptions. There is a need for a new breed of marketing executive for these times. For my part, I promote tactics based on the premise that innovation is the only way forward. Start by reinforcing what you have, seek the real truths of your market, your place in it, test new procedures and stability will come. You may also find growth lurking in your redefined marketplace as well.

This new age is open to those with the vision to see beyond the preconceived.

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Inquires may be directed to brcarlsen@gmail.com